

WAIVER PROGRAMS FOR TWIA INSURANCE

Since January of 1988, a Certificate of Compliance, WPI-8, has been required for all new construction, repairs, alterations, additions, re-roofs and remodeling in order for a structure to be eligible for windstorm insurance through the Texas Windstorm Insurance Association (TWIA). Maintaining the insurance requires a WPI-8 for any subsequent repairs, alterations, additions, re-roofs, and remodeling. In an effort to help homeowners who lost their windstorm insurance previously provided by the voluntary market and who do not have a WPI-8 for their residential structure, with obtaining windstorm insurance through TWIA, the Department of Insurance (the Department) implemented the WPI-8 Waiver Programs as described below.

Approval Program

In April, 2006, the Department implemented the Approval Program allowing residential property owners who had a residential structure, without a WPI-8 on the entire structure, to obtain windstorm insurance with TWIA if the insured structure had previously been insured for windstorm within the last 12 months and the windstorm insurance for that structure was cancelled or non-renewed by their insurer. The Approval Program stopped accepting new applications on August 31, 2009. Those already insured under the Approval Program can maintain insurance coverage provided they comply with statutory and TWIA underwriting guidelines, including obtaining a WPI-8 for any subsequent repairs, alterations, additions, re-roofs and remodeling.

Transition Program

On September 1, 2009, the Department implemented the Transition Program to continue helping residential property owners without a WPI-8 on the entire structure, to qualify for windstorm insurance through TWIA. Eligibility requirements were consistent with those of the Approval Program. The Transition Program was set to expire on August 31, 2011; however, the Legislature extended the Transition Program through September 27, 2011. (See HB 3, 82nd Legislature, First Called Session, 2011). The Transition Program then converted to the Alternative Eligibility Program on September 28, 2011.

Alternative Eligibility Program

Under the Alternative Eligibility Program, residential property owners may continue to obtain windstorm insurance for their structure through TWIA without having to be previously insured for wind within the last 12 months as required under the previous waiver programs. Windstorm insurance obtained through the Alternative Eligibility Program on or before August 31, 2012 cannot be renewed after August 31, 2013 without an "Alternative Certification". Residential property owners who do not have windstorm insurance through the Alternative Eligibility Program by August 31, 2012 must obtain an Alternative Certification to be eligible for coverage through TWIA. An Alternative Certification provides evidence that a qualifying structural component complies with windstorm building code requirements. The process for obtaining an Alternative Certification is currently under development by TDI and will be communicated in a separate notice.

Surcharge

A 15% surcharge applies to the premium for all structures written through the Approval, Transition or Alternative Eligibility programs; however, these structures maintain eligibility for TWIA insurance upon the sale of the home, foreclosure, lapse in coverage or if intervening private market insurance is obtained, provided there is compliance with statutory and TWIA underwriting guidelines.

NOTES:

Policies issued through the Transition Program cannot be renewed after August 31, 2013 without an Alternative Certification.

Residential structures where construction began on or after June 19, 2009, are not eligible for the Transition or Alternative Eligibility Programs. The structure must have a certificate of compliance, WPI-8, for the entire structure to be eligible for TWIA coverage.

Policyholders and applicants must comply with the mandatory building code requirements to secure a WPI-8 or Alternative Certification, whichever is applicable, on all alterations, additions, repairs, re-roofs, remodeling or new construction that began on or after June 19, 2009.

Building Code Credits do not apply to any structure written through the Waiver Programs.

January 1, 2012